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Ag Decision Maker
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Farm Machinery Joint Venture Worksheet

The Farm Machinery Joint Venture Worksheet is available as an electronic spreadsheet or as a hand worksheet below. The worksheet shows how to organize a record of the initial capital contributions made by members of a machinery joint venture, and how to calculate the annual payment each member will make to the joint venture for its services.

The example shows a sample set of values for four farmers, P.J., Roger, Kim and Ole, who formed a machinery cooperative. Table 1 shows all of the equipment items contributed by each member when the joint venture was formed. In the example, 8 separate items were contributed. The table shows the agreed on initial value of each item and the name of the member who contributed it. In this example the members agreed that ten percent of the value of each item would be considered to be an initial contribution of equity capital. Further, the members decided that the joint venture needed to have an initial capital fund of $50,000, or $12,500 from each member. The next to last line of Table 1 shows how much cash each member had to contribute, after receiving credit for the machinery equity contributed.

Table 2 shows the annual payments that will be made to each member for the equipment items they sold to the joint venture. They decided to pay each member 90 percent of the value of each item, amortized over 5 equal annual payments at 7 percent interest. The payments to members total $18,010.11 each year.

Table 3 shows the equipment items purchased from machinery dealers, and the annual payment for each one. Table 4 shows the items that the joint venture leased, and the annual payment for each one. Table 5 shows the other related expenses incurred by the joint venture during the year. This information was recorded in a separate location, and the totals were transferred to the worksheet at the end of the year.

Table 6 shows the total hours of labor contributed by each member. Totals were carried forward from the labor log sheets. Field labor hours were valued at $10 each, and time spent performing repairs was valued at $15 per hour. In total, the members contributed $52,045 worth of labor to the joint venture.

Table 7 summarizes the total crop acres that each member had that year, 3,294. The total of all the annual payments to members, dealers and lease companies, plus the other expenses and the value of labor contributed, came to $200,018.11, or $60.72 per acre. Multiplying each member's acres by $60.72 gives the total that each member owes the joint venture for services provided. Next the total payment owed to each member for the value of equipment items sold to the joint venture (Table 2) is subtracted, and the value of the labor contributed by each member (Table 6) is subtracted. The remainder is the net amount each member needs to pay the joint venture that year.

This worksheet can be modified or expanded to show additional information, but the example illustrates a basic procedure for recording and calculating each member's contributions and obligations.

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